

AMENDED IN ASSEMBLY MAY 1, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 437

Introduced by Assembly Member Aroner

February 24, 1997

An act to amend Section 41472 of the Education Code, relating to education.

LEGISLATIVE COUNSEL'S DIGEST

AB 437, as amended, Aroner. Education: West Contra Costa Unified School District.

Existing law sets forth a consolidated loan obligation for the West Contra Costa Unified School District with a loan payment schedule.

This bill would express findings and declarations of the Legislature relating to the fiscal circumstances of the West Contra Costa Unified School District. To effectuate legislative intent expressed by the bill, the bill would amend the loan payment schedule to provide that, following the payment to be made by the district in 1998, the remaining debt is to be repaid as a straight-line loan amortized over a 30-year term, *plus interest calculated as specified*.

The bill would make a finding of unique circumstances necessitating the enactment of a special statute.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares
2 all of the following:

3 (1) The state's primary grade Class Size Reduction
4 Program, as implemented in 1996 pursuant to Chapter
5 6.10 (commencing with Section 52120) of Part 28 of the
6 Education Code, has increased the number of classrooms
7 needed by the West Contra Costa Unified School District
8 to adequately house its students, so that some of the sites
9 once considered "excess" are now questionable in that
10 regard.

11 (2) The West Contra Costa Unified School District's El
12 Portal site has proven to be unsalable because of seismic
13 risks.

14 (3) The reduced marketability of these properties has
15 limited West Contra Costa Unified School District's
16 means to expedite repayment of the loan entered into
17 with the state pursuant to Section 41472 of the Education
18 Code.

19 (4) From the first annual debt payment of 1993
20 through the 1998 payment, the district will have paid
21 fifteen million dollars (\$15,000,000), including nine
22 million eight hundred thousand dollars (\$9,800,000) in
23 principal and five million two hundred thousand dollars
24 (\$5,200,000) in interest, toward its debt of twenty-nine
25 million dollars (\$29,000,000).

26 (b) It is, therefore, the intent of the Legislature that
27 the debt repayment schedule entered into pursuant to
28 Section 41472 of the Education Code be further amended
29 so that, following the "balloon" payment of the West
30 Contra Costa Unified School District in 1998, the
31 remaining district debt is to be repaid as a straight-line
32 loan amortized over a 30-year term.

33 SEC. 2. Section 41472 of the Education Code is
34 amended to read:

35 41472. (a) The school district may prepay its loan
36 obligation without incurring any prepayment penalties.

(b) (1) The minimum payment on the consolidated debt shall be determined according to the following payment schedule:

Due Date	Payment Amount
2/1/93	\$ 0
2/1/94	0
2/1/95	5,570,443
2/1/96	1,870,443
2/1/97	1,870,443
2/1/98	5,570,443

(2) The debt remaining after the school district's 1998 payment shall be repaid as a straight-line loan amortized over a 30-year term. *This amount shall be repaid by the school district, plus interest calculated at a rate equal to the rate earned by the Pooled Money Investment Account on ____ for a period not to exceed 30 years.*

(c) If payment is not made within 60 days after the scheduled date, the Controller shall pay the defaulted loan payment of principal and interest by withholding that amount from the next available payment that would otherwise be made to the county treasurer on behalf of the district pursuant to Section 14041 of the Education Code. However, subject to the approval of the Department of Finance, the amount withheld may be in monthly amounts as determined by an agreement between the West Contra Costa Unified School District and the Controller during the period beginning with the next available apportionment through the month preceding the next scheduled payment.

(d) The Director of the Department of Finance may, upon the request of the Superintendent of Public Instruction, amend the payment schedule set forth in subdivision (b) if the director concludes that the amendment is warranted and is in the best interests of both the state and the West Contra Costa Unified School District education program. Upon that determination,

1 the director shall notify the Joint Legislative Budget
2 Committee that the payment schedule will be changed
3 on the date that is 90 days from the date of notification if
4 the Legislature is in session, unless the Joint Legislative
5 Budget Committee takes appropriate action to preclude
6 that change. If the 90-day period ends during a recess of
7 the Legislature or while the Legislature is not in session,
8 the 90-day period shall be extended until the Legislature
9 reconvenes. Amendments to the repayment schedule
10 shall defer the unpaid portion of a repayment of the
11 earliest fiscal year in which no other repayment is
12 scheduled. Interest shall accrue on the unpaid portion of
13 a repayment from the scheduled due date until the time
14 the payment is actually made. The interest charge shall
15 be the same rate as specified in Section 41471.

16 (e) If the district is able to sell properties in advance
17 of any of the obligations contained in the schedule set
18 forth in subdivision (b), the scheduled interest cost shall
19 be reduced in accordance with any prepayments that are
20 made. If the repayment schedule is amended pursuant to
21 subdivision (d), all proceeds from any properties sold in
22 advance of any of the obligations shall be used as
23 prepayment on the schedule.

24 SEC. 3. The Legislature finds and declares that, due
25 to the unique fiscal circumstances of the West Contra
26 Costa Unified School District, as set out in Section 1 of this
27 act, a general statute within the meaning of Section 16 of
28 Article IV of the California Constitution cannot be made
29 applicable. The enactment of this special statute is
30 therefore necessary.

31 _____
32 CORRECTIONS

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34 Text — Page 3.

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